

Message Text

CONFIDENTIAL

PAGE 01 LISBON 00130 01 OF 02 061647Z
ACTION EUR-12

INFO OCT-01 ARA-10 ISO-00 CIAE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-08 COME-00 TRSE-00 AID-05 IGA-02 OMB-01
SIL-01 LAB-04 AGRE-00 /090 W
-----086257 061706Z /43

P R 061551Z JAN 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 4288
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMEMBASSY QUITO
AMCONSUL PONTA DELGADA
USMISSION USNATO
DIA WASHDC
USCINCEUR VAIHINGEN GER
USNMR SHAPE BRUSSELS BEL
COMUSFORAZ

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 0130

E.O. 11652: XGDS-3
TAGS: PGOV PINT PO
SUBJECT: PS AND CDS FACE KEY ISSUES IN NEGOTIATIONS

REFS: (A) LISBON 0078 (DTG 051312Z JAN 78), (B) 77 LISBON 9863
(DTG 301754Z DEC 77)

SUMMARY: CDS VICE PRESIDENT AMARO DA COSTA SAID THE CDS IS
PREPARED TO GO AHEAD WITH THE AGREEMENT DESPITE SOME RANK
AND FILE OPPOSITION. THE LATEST PS AND CDS POSITIONS ARE NOT
FAR APART AND THE TWO PARTIES WILL SEEK TO OVERCOME THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 00130 01 OF 02 061647Z

REMAINING OBSTACLES AT A JAN 6 MEETING. END SUMMARY.

1. NEGOTIATIONS IN FINAL STAGE: THE PS AND CDS WILL HOLD
A JOINT MEETING ON JAN 6 BETWEEN MARIO SOARES, FREITAS
DO AMARAL, AND THE NEGOTIATORS FROM BOTH PARTIES. THE PS
EXECUTIVE COMMITTEE ON JAN 4 APPROVED THE "PS-PLUS-
PERSONALITIES" FORMULA BY A 59-2 MARGIN WITH 5 ABSTENTIONS.

THE EXECUTIVE COMMITTEE GAVE PS NEGOTIATORS AUTHORITY TO DEFINE THE TERMS OF AN AGREEMENT WITH THE OPPOSITION. THE SOCIALISTS TELL US THAT THE OUTSIDE DEADLINE FOR CONCLUSION OF AN AGREEMENT IS JAN 15.

2. CDS READY FOR AGREEMENT: CDS VICE PRESIDENT AMARO DA COSTA TOLD EMBOFF JAN 5 THAT HIS RECENT VISIT TO OPORTO TO MEET WITH PARTY ACTIVISTS HAD BEEN LARGELY SUCCESSFUL. COSTA SAID REPORTS OF EXTREMELY HOSTILE REACTION AMONG THE RANK AND FILE WERE PLANTED BY THE PSD. THE CDS WILL HOLD A NATIONAL COUNCIL MEETING THIS WEEKEND TO OBTAIN FORMAL AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH THE PS. COSTA WAS CONFIDENT HIS PARTY WOULD GO ALONG. THE CDS VICE PRESIDENT CONCEDED, HOWEVER, THAT FAILURE TO REACH AGREEMENT AT THIS STAGE COULD BE POLITICALLY COSTLY. HE SAID THAT, IF THE CDS LOST GROUND IN NEW ELECTIONS, THE PARTY LEADERSHIP WOULD RESIGN.

3. BUT CDS NEEDS CONCESSIONS: COSTA SAID TWO ISSUES WOULD DETERMINE THE OUTCOME OF FINAL NEGOTIATIONS. THE PS HAD OFFERED ONLY ONE CABINET POSITION, THE COMMERCE PORTFOLIO; THE CDS WAS PRESSING FOR FOUR AND COULD NOT ACCEPT LESS THAN THREE. IN ADDITION, THE CDS INSISTED THAT ANY AGREEMENT WITH THE PCP BE SEPARATE AND FOLLOW THE PS/CDS AGREEMENT. THE CDS WOULD PREFER THAT THE PCP VOTE AGAINST THE GOVERNMENT PROGRAM IN THE ASSEMBLY IN ORDER TO MAKE CLEAR THAT THERE

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 00130 01 OF 02 061647Z

WAS NO PS/CDS/PCP DEAL. THE CDS RECOGNIZED, HOWEVER, THAT IT WOULD BE DESIRABLE TO OBTAIN PCP ABSTENTION ON THE GOVERNMENT'S ECONOMIC PLAN. OTHER LESSER QUESTIONS INCLUDE THE GOVERNMENT PROGRAM AND THE MINISTRIES TO BE GIVEN THE CDS. THE PS PRESENTED A DRAFT PROGRAM JAN 4 WHICH CONTAINED TOO MUCH SOCIALIST RHETORIC FOR THE CDS TO ACCEPT. BUT CHIEF PS NEGOTIATOR JAIME GAMA DEMONSTRATED CONSIDERABLE OPENNESS TO REVISIONS.

4. THE SHAPE OF GOVERNMENT: AMARO DA COSTA SAID THE NUMBER OF MINISTERS WOULD BE REDUCED FROM 18 TO 14. THE PLANNING AND FINANCE MINISTRIES WOULD BE COMBINED AS WOULD THE HOUSING AND PUBLIC WORKS MINISTRIES.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LISBON 00130 02 OF 02 061654Z
ACTION EUR-12

INFO OCT-01 ARA-10 ISO-00 CIAE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-08 COME-00 TRSE-00 AID-05 IGA-02 OMB-01
SIL-01 LAB-04 AGRE-00 /090 W
-----086311 061705Z /43

P R 061551Z JAN 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 4289
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMEMBASSY QUITO
AMCONSUL PONTA DELGADA
USMISSION USNATO
DIA WASHDC
USCINCEUR VAIHINGEN GER
USNMR SHAPE BRUSSELS BEL
COMUSFORAZ

C O N F I D E N T I A L SECTION 2 OF 2 LISBON 0130

5. AGREEMENT WITH PCP: PA NATIONAL SECRETARIAT
MEMBER ALBERTO ARONS DE CARVALHO GAVE EMBOFF JAN 5
ADDITIONAL DETAILS ON THE LIKELY SIDE AGREEMENT WITH THE PCP:
-- THE GOVERNMENT WOULD ASSURE THE COMMUNISTS THAT
PROPERTIES OF FORMER LANDHOLDERS WOULD BE RETURNED IN
SUCH A MANNER SO AS NOT TO BANKRUPT COLLECTIVE FARMS;
-- THE WORKERS WOULD BE CONSULTED ON FUTURE BUSINESS
DENATIONALIZATIONS; AND
-- THE LAWS ON FIRING AND ON STRIKES WOULD BE RETAINED
IN THEIR CURRENT FORM.
IN RETURN FOR THE ABOVE CONCESSIONS,THE PCP WOULD ACCEPT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 00130 02 OF 02 061654Z

AUSTERITY MEASURES. CARVALHO SAID THAT AGRICULTURE
MINISTER ANTONIO BARRETO WAS SETTING THE TERMS FOR THE
AGRARIAN REFORM AGREEMENT WITH THE PCP AND THAT THE PS
EXPECTED BARRETO TO STAY ON AS AGRICULTURE MINISTER. PS
INTERNATIONAL SECRETARY RUI MATEUS CONFIRMED TO POL COUNS
JAN 5 THAT BARRETO WAS IN ACCORD WITH THE SUBSTANCE OF NEGOTIATIONS.

6. COMMENT: A COMPARISON OF PS AND CDS FINAL BARGAINING

POSITIONS SHOWS THE TWO PARTIES NOT FAR APART (REF A).
BOTH PARTIES HAVE A CONSIDERABLE STAKE IN REACHING
AGREEMENT, BUT MUST ALSO PAY A CONSIDERABLE POLITICAL
PRICE. THEY ARE NOT HOME FREE YET.
OKUN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LISBON00130
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X3
Errors: N/A
Expiration:
Film Number: D780010-1038
Format: TEL
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780192/aaaaczvq.tel
Line Count: 175
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 559701e6-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 LISBON 78, 77 LISBON 9863
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3818826
Secure: OPEN
Status: NATIVE
Subject: PS AND CDS FACE KEY ISSUES IN NEGOTIATIONS
TAGS: PGOV, PINT, PO
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/559701e6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014